

**ARIZONA COLORADO RIVER SHORTAGE
SHARING WORKSHOP**
August 19, 2005

Date: August 25, 2005

Subject: Report from Workshop Number 10, August 19, 2005

Summary: The agenda for the August 19, 2005 shortage sharing workshop included a briefing on the most recent basin states meeting, discussion of the meeting with CAP agricultural water pool customers including discussion of a new proposed shortage scenario, review of ADWR and Reclamation shortage criteria development process and schedule and other modeling results. The purpose of the shortage sharing workshops is to develop a stakeholder recommendation to the Director regarding the appropriate volume of shortage reductions in Arizona and a recommendation regarding how shortage will be shared between CAP and post-1968 Colorado River water users.

1. Meeting with CAP Agricultural Pool Water Users

ADWR met earlier this week with the CAP agricultural pool water users to provide a briefing on the goals and process for the shortage sharing stakeholders meetings. The CAP agricultural water pool will end in 2030; agricultural water users do not want shortage criteria that will disproportionately impact them beyond the impacts associated with their priority within the CAP. The alternatives currently being discussed include a range of shortage reductions from 200,000 AF to 800,000 AF, with many alternatives that stage reductions based on trigger reservoir elevations. The agricultural users do not support proposed alternatives that include a maximum reduction of 800,000 AF.

2. Basin States Meeting

The basin states have been working on a joint letter of response to send to the Secretary of Interior (Secretary) by August 31, 2005. This letter is in response to the first request for public comment on the development of reservoir management strategies under low reservoir conditions, including the development of shortage criteria. The basin states have agreed that comments to the Secretary should include discussion of the need for flexible shortage criteria that would be reviewed again at the end of the interim period and allow the states to adjust to changing conditions, a complete range of alternatives evaluated through preparation of an Environmental Impact Statement and issuance of a Record of Decision, U.S. shortage sharing with Mexico, protection of Southern Nevada Water Authority's intakes and further evaluation of coordinated reservoir operations.

From Arizona's perspective it is important to advise the Secretary that shortage criteria should be based on a recommendation from Arizona regarding the volume of shortage, how shortage should be implemented and shared among equal priority water users and the need for reduced deliveries

to Mexico when U.S. water deliveries are reduced. If the basin states cannot agree to language for a joint letter, then Arizona will send a separate letter by the 31st. Though the stakeholders process we need to develop more information about how we would share shortage with Nevada; we are at some risk if we make a recommendation and Nevada determines they can't take the depth of shortage that we recommend.

Although the recommendation from Arizona will only cover a period through 2016, we could agree to extend our criteria past that time if it were in our best interest. Implementation of our recommendation for the interim surplus period may give us an opportunity to evaluate the practical results of our decision.

3. AWBA On-River Firming Agreement

The AWBA has approved the offer of a contract to Mohave and La Paz users to reserve up to 396,000 AF of credits to firm Colorado River water supplies for the Mohave County Water Authority (21,555 AF), Arizona State Parks (404 AF), Bullhead City (95,247 AF) and Lake Havasu City (113,074 AF) through 2096. These amounts could increase by approximately four percent if AWBA gets additional general fund money.

The participants requested information about the AWBA proposed schedule to store water for firming for municipal and industrial users and for Nevada.

4. Additional Modeling

Additional modeling run information was presented for a maximum shortage scenario to evaluate the possible impact to higher priority users including Metropolitan Water District. The Department has begun compiling information about impacts by priority and user group under various shortage scenarios and time series. More complete information will be provided for the September 21st shortage meeting.

5. Information Requests

Workshop participants requested the following: 1) a new model run of the tiered 300/ 500/ 800 KAF scenario with a starting Mead reservoir elevation of 1075 feet; 2) cumulative impact by sector for 2016, 2024, 2031 and 2035; the 10 percent, 50 percent and 90 percent exceedance for five runs – 80P1050/500 KAF, 200/400/600 KAF, 300/500/800 KAF, 400/700 KAF and 400/500/600 KAF.